



THE SECRETARY OF THE INTERIOR
WASHINGTON

FEB - 4 2008

The Honorable Ken Salazar
United State Senate
Washington, DC 20510

Dear Senator Salazar:

I wanted to provide you with an update on our activities concerning the Naval Petroleum Reserves, including the Naval Oil Shale Reserve No. 3, Anvil Point. Since you and Senator Allard wrote to me on October 26, 2007, we have had some significant developments.

After months of discussions and hard work by the Bureau of Land Management (BLM) and the State of Colorado, I am pleased to report that on January 23, 2008, the BLM obtained written concurrence on the waste management site design and location from the State of Colorado Department of Health and Environment. As you know, the State had concerns regarding the proposed repository and those have been resolved.

This is a significant development as it allows us to move forward with remediation and restoration work on the ground. To that end, the BLM has begun the procurement process which will result in the awarding of the contract for cleanup. The BLM plans to award that contract by June 1, 2008.

To address funding the cleanup, Public Law 105-85 (the Transfer Act), as codified at 10 U.S.C. 7439, established a special fund in the Treasury consisting of all receipts from mineral leasing and development authorized by the Transfer Act. Currently, the account contains \$86.5 million and each month approximately \$1-2 million in new revenues are deposited. In addition to the environmental cleanup, the fund was also established to reimburse the Treasury for the past costs to the United States for the original installation of wells, gathering lines and related equipment, and any other costs incurred by the government with respect to these lands. The Fiscal Year 2009 Budget proposes to reduce \$24.7 million from the balances in the fund. Even with this reduction there is sufficient funding to complete the cleanup and comply with other requirements.

The Transfer Act calls for the collection of mineral receipts to continue until the Secretaries of the Departments of Energy and Interior jointly certify to Congress that the sum of moneys deposited in the account is equal to the costs incurred by the government of cleanup as well as past activities by the government on the lands.

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Once the Department has obligated funds for the cleanup contract, one of a number of steps that has to be completed to comply with the law, we can begin to work toward certification.

Again, thank you for discussing this matter with me and we look forward to the cleanup and remediation of this site.

Sincerely,

A handwritten signature in black ink, appearing to read "Dirk Kempthorne". The signature is fluid and cursive, with a large initial "D" and a long horizontal stroke at the end.

DIRK KEMPTHORNE